

Message Text

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TO SECSTATE WASHDC PRIORITY 4116

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FROM: LOS DEL

E.O. 11652: N/A

TAGS: PLOS

SUBJ: LOS - REVISED EVENSEN TEXT FOR COMMITTEE I

1. SUMMARY AND COMMENTS. COMMITTEE I CHAIRMAN ENGO CIRCULATED JUNE 17 THE THIRD REVISION OF MINISTER EVENSEN'S "SUGGESTED COMPROMISE FORMULA" DEALING WITH KEY ELEMENTS OF THE DEEP SEABED REGIME: ARTICLE 9 (RESOURCE POLICY); ARTICLE II (TRANSFER OF TECHNOLOGY); ARTICLES 22, 23, AND ANNEX I, PARAGRAPH 8 (SYSTEM OF EXPLOITATION); ARTICLES 41, 49, AND ANNEX II (FINANCING OF THE ENTERPRISE); AND ARTICLES 64, 56 (REVIEW). THE FULL TEXT IS REPEATED BELOW. ALTHOUGH ENGO WITHHELD THE TEXT FOR A WEEK, HE DOES NOT SEEM TO HAVE CHANGED IT HIMSELF. FOLLOWING IS A SUMMARY OF THE MAJOR FEATURES OF THE LATEST EVENSEN TEXT:

2. ARTICLE 9 (RESOURCE POLICY). THE LATEST TEXT STATES RESOURCE POLICY OBJECTIVES IN A WAY THAT DOES NOT LEND LIMITED OFFICIAL USE

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THE AUTHORITY THE BROAD DISCRETIONARY POWERS IMPLIED BY EVENSEN'S EARLIER VERSION. THUS, IN CARRYING OUT RESOURCE POLICY THE AUTHORITY DOES NOT RECEIVE A NEW MANDATE IN ARTICLE 9, BUT RATHER MUST ACT "IN ACCORDANCE WITH THE PROVISIONS OF THIS PART OF THE CONVENTION". FURTHER, AN EXPLICIT OBJECTIVE, MISSING FROM THE EARLIER VERSION, IS TO "INCREASE AVAILABILITY

OF RAW MATERIALS". THE ANTI-MONOPOLY OBJECTIVE REFLECTS G-5 PROPOSED LANGUAGE, SHIFTING THE THRUST FROM A QUOTA ALLOCATION OF MINING SITES TO PREVENTING MONOPOLIZATION OF THE SEABED. RESPONDING THE G-77 PRESSURE EVENSEN PROVIDES FOR STATES "AND PEOPLES" TO SHARE IN BENEFITS FROM THE SEBAED. REGARDING FUTURE COMMODITY AGREEMENTS, THE EVENSEN TEXT IS UNCHANGED, PROVIDING THAT THE AUTHORITY'S PARTICIPATION "SHALL BE IN RESPECT OF PRODUCTION IN THE AREA". THE PRODUCTION LIMIT PERMITS SEABED MINING TO FILL THE FULL PROJECTED CUMULATIVE GROWTH SEGMENT OF THE NICKEL MARKET FOR THE FIRST SEVEN YEARS (VICE FIVE YEARS IN THE EARLIER VERSION) AND 2/3 (VICE 3/4) OF THE GROWTH SEGMENT THEREAFTER.

3. ARTICLE 11 (TECHNOLOGY TRANSFER). UNCHANGED FROM PREVIOUS EVENSEN TEXT. THE ONLY VARIATION FROM THE RSNT IS ADDITION OF THE ENTERPRISE AS A RECIPIENT OF TECHNOLOGY TRANSFER.

4. ARTICLES 22, 23, ANNEX I, PARAGRAPH 8 (SYSTEM OF EXPLOITATION). ARTICLE 22 STILL ALLOWS THE READER TO INTERPRET THE SYSTEM OF EXPLOITATION AS CONCEPTUALLY UNITARY OF PARALLEL, DEPENDING ON HIS PREFERENCE, THOUGH EVENSEN HAS MADE CONCESSIONS TO THOSE FAVORING THE LATTER IN HIS TATEST TEXT. CHAPEAU OF ARTICLE 22 RETAINS STATEMENT THAT "ACTIVITIES IN THE AREA SHALL BE LIMITED OFFICIAL USE

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CONDUCTED. . . BY THE AUTUORITY . . .".
PARAGRAPH 2 ALSO RETAINS ASSERTION THAT ACTIVITIES SHALL BE CONDUCTED "ON THE AUTHORITY'S BEHALF". BUT AT THE SAME TIME, EVENSEN HAS STRENGTHENED THE NOTION OF A PARALLEL SYSTEM BY SPECIFYING THAT STATE PARTY ACTIVITIES CARRIED OUT IN ASSOCIATION WITH THE AUTHORITY SHALL BE "IN THE MANNER PRESCRIBED IN PARAGRAPH 3 BELOW". PARAGRAPH 3 OUTLINES THE CONTRACTING PROCESURES FOR DIRECT EXPLOITATION BY STATE PARTIES. THE QUOTA PROVISION, FORMERLY IN PARAGRAPH 4, HAS BEEN DELETED, AS SUGGESTED BY THE G-5. THE CONTRACTING PROCEDURES IN ANNEX I, PARAGRAPH 8, HAVE ALSO BEEN TIGHTENED SOMEWHAT. THE AUTHORITY MUST INSURE THAT GRANTING OF A CONTRACT WOULD BE IN CONFORMITY WITH THE PRODUCTION CONTROL PORTION OF ARTICLE 9, RATHER THAN WITH THE ENTIRE ARTICLE. SIMILARLY, NEGOTIATION OF LDC PARTICIPATION IN A PROJECT IS NO LONGER OPEN-ENDED, BUT BASED ON "INCENTIVES FOR SUCH PARTICIPATION ESTABLISHED IN PARAGRAPH 9 D" (FINANCIAL ARRANGEMENTS). ON THE OTHER HAND, THE PROVISION FOR THE AUTHORITY AND CONTRACT APPLICANT TO NEGOTIATE TRANSFER OF TECHNOLOGY REMAINS POTENTIALLY TROUBLESOME, EVEN THOUGH THOSE NEGOT-

IATIONS MUST TAKE PLACE PURSUANT TO ARTICLE 11.
FURTHERMORE, EVENSEN ALLOWS THE AUTHORITY TO REQUIRE
PROSPECTING, EVALUATION OR EXPLORATION DATA FROM
APPLICANTS BEFORE SELECTING A RESERVED SITE FOR IT-
SELF UNDER THE BANKING SYSTEM. THE US PREFERS THAT
THE REQUIREMENT BE LIMITED TO PROSPECTING DATA.
ANNEX I DOES NOT CONTAIN SPECIFICU ANTI-MONOPOLY PRO-
VISIONS, SINCE EVENSEN HAS AGREED TO AWAIT THE OUTCOME
OF G-5 DISCUSSION CURRENTLY UNDERWAY ON THAT ISSUE.

5. ARTICLES 41, 49, ANNEX II (FINANCING OF THE ENTERPRISE).
ANNEX II DROPS EVENSEN'S EARLIER PROVISION FOR "MANDATORY
CONTRIBUTIONS" TO THE ENTERPRISE AND ADOPTS THE U.S.
LOAN GUARANTEE PROPOSAL.
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6. ARTICLES 64, 65 (REVIEW). UNCHANGED FROM EARLIER
VERSION. ARTICLE 64 CALLS FOR FIVE-YEAR REVIEW WITHOUT
CHANGING THE CONVENTION. ARTICLE 65 DEALS WITH 20-YEAR
REVIEW CONFERENCE, WHICH COULD ALTER PART I OF THE
CONVENTION. A NUMBER OF BASIC PRINCIPLES, SUCH AS THE
COMMON HERITAGE, COULD NOT BE ALTERED, BUT THE NOTION
OF STATE ACCESS COULD. IF THE REVIEW CONFERENCE
COULD NOT REACH A CONSENSUS, VOTING WOULD TAKE PLACE
UNDER THE SAME RULES GOVERNING THE CURRENT LOS
CONFERENCE.

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7. PRELIMINARY COMMENTS. THE LATEST EVENSEN TEXT
CONTAINS A NUMBER OF SIGNIFICANT IMPROVEMENTS FROM THE
U.S. STANDPOINT, PARTICULARLY REGARDING:

- (A) THE ELIMINATION OF A POTENTIAL NEW DISCRETIONARY
MANDATE TO THE AUTHORITY IN ARTICLE 9,
- (B) THE CLEARER PARALLELISM OF THE EXPLOITATION SYSTEM
IN ARTICLE 22,
- (C) THE SHIFT FROM A QUOTA PRINCIPLE TO AN ANTI-
MONOPOLY PRINCIPLE,
- (D) THE NARROWING OF THE AUTHORITY'S DISCRETION IN THE
CONTRACTING PROCESS, AND
- (E) THE ADOPTION OF THE U.S. LOAN GUARANTEE PROPOSAL
FOR THE ENTERPRISE.

8. ON THE OTHER HAND, THE TEXT STILL CONTAINS A NUMBER
OF UNDESIRABLE FEATURES:

- (A) EVENSEN TRIED TO FINESSE THE "ITS" OR "THE"
PRODUCTION QUESTION OF WHOSE PRODUCTION THE AUTHORITY
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WOULD REPRESENT IN A COMMODITY AGREEMENT, BUT ABSENCE
OF A PRONOUN OR ARTICLE SUGGESTS THAT THE AUTHORITY
WOULD REPRESENT ALL PRODUCTION. THIS NOTION IS REIN-
FORCED IN ARTICLE 22 WHICH STATES THAT ALL PRODUCTION
IS CONDUCTED "ON THE AUTHORITY'S BEHALF".

- (B) THE PRODUCTION CONTROL ALLOWS MORE SITES
IN THE EARLY YEARS THAN THE PREVIOUS TEXT, BUT IS MORE
RESTRICTIVE OF SEABED DEVELOPMENT IN THE LONGER RUN.

(C) REFERENCE TO ALL ACTIVITIES BEING
"CONDUCTED" BY THE AUTHORITY (ARTICLE 22) IS
BOTHERSOME IN PRINCIPLE, BUT COULD BE OFFSET BY CONTRACT
PROCEDURES WHICH CLEARLY PROVIDE FOR DIRECT STATE
ACCESS.

- (D) THE BANKING OF SITES AT THE EXPLORATION,
INSTEAD OF PROSPECTING, STAGE WOULD IMPOSE A HEAVY
FRONT-END COST, BUT WE ARE WORKING WITH INDUSTRY

ADVISERS ON A REDRAFT OF THE BANKING PROVISION WHICH MIGHT ALLEVIATE THIS PROBLEM.

9. THE G-77 WAS SCHEDULED TO CAUCUS JUNE 17 TO CONSIDER THE LATEST EVENSEN TEXT. THE G-77 DEADLOCKED IN TRYING TO REACH A COMMON POSITION ON EVENSEN'S EARLIER DRAFT LAST WEEK. THIS VERSION MOVES CLOSER TO THE LAND-BASED PRODUCERS' POSITION ON PRODUCTION LIMITS, A FEATURE WHICH MAY IMPROVE ITS OVERALL ACCEPTABILITY TO THE G-77. THE QUESTION REMAINS WHETHER EVENSEN'S EFFORTS TO ACCOMMODATE SOME OF THE INDUSTRIAL COUNTRY RESERVATIONS WILL FURTHER ALIENATE NON-LAND-BASED PRODUCERS AMONG THE G-77, ESPECIALLY THOSE STRONGLY INCLINED TOWARD A UNITARY SYSTEM. END SUMMARY AND COMMENTS.

10. FOLLOWING IS FULL TEXT OF EVENSEN SUGGESTED LIMITED OFFICIAL USE

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COMPROMISE FORMULA.

BEGIN UNCLASSIFIED

QUOTE SUGGESTED COMPROMISE FORMULA

ARTICLE 9

1. ACTIVITIES IN THE AREA SHALL BE UNDERTAKEN IN ACCORDANCE WITH THE PROVISIONS OF THIS PART OF THE CONVENTION IN SUCH A MANNER AS TO FOSTER THE HEALTHY DEVELOPMENT OF THE WORLD ECONOMY AND A BALANCED GROWTH IN INTERNATIONAL TRADE, TO PROMOTE INTERNATIONAL CO-OPERATION FOR THE OVER-ALL DEVELOPMENT OF ALL COUNTRIES, ESPECIALLY OF DEVELOPING COUNTRIES, AND WITH A VIEW TO:

(A) ORDERLY AND SAFE DEVELOPMENT OF THE RESOURCES OF THE AREA, AS WELL AS THE EFFICIENT CONDUCT OF ACTIVITIES IN ACCORDANCE WITH SOUND PRINCIPLES OF CONSERVATION, INCLUDING THE AVOIDANCE OF UNNECESSARY WASTE;

(B) ENSURING EQUITABLE SHARING OF FINANCIAL AND OTHER ECONOMIC BENEFITS DERIVED FROM ACTIVITIES IN THE AREA, TAKING INTO PARTICULAR CONSIDERATION THE INTERESTS AND NEEDS OF THE DEVELOPING COUNTRIES AND PEOPLES IN ACCORDANCE WITH ARTICLE 26, PARAGRAPH 2 (X), AND CONSISTENT WITH ARTICLES 18 AND 23;

(C) ENSURING THE TRANSFER OF REVENUES AS PROVIDED FOR IN ANNEX I, PARAGRAPH 9 (D), AND PROMOTING MEASURES AND PROGRAMMES FOR THE TRANSFER OF TECHNOLOGY AS PROVIDED FOR IN ARTICLE 11;

(D) INCREASING AVAILABILITY OF RAW MATERIALS IN ORDER TO SECURE ADEQUATE SUPPLIES TO CONSUMERS OF SUCH MINERALS ORIGINATING IN THE AREA AS ARE ALSO PRODUCED OUTSIDE

THE AREA;

(E) PROVIDING FOR JUST, STABLE AND REMUNERATIVE PRICES
FOR SUCH MINERALS ORIGINATING IN THE AREA AS ARE ALSO PRODUCED
OUTSIDE THE AREA, AND PROMOTING EQUILIBRIUM BETWEEN SUPPLY
AND DEMAND;
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(F) ENHANCING OPPORTUNITIES FOR ALL STATES PARTIES,
IRRESPECTIVE OF THEIR SOCIAL AND ECONOMIC SYSTEMS OR
GEOGRAPHICAL LOCATION, TO PARTICIPATE IN THE DEVELOPMENT
OF THE RESOURCES OF THE AREA AND PREVENTING MONOPOLIZATION
OF THE EXPLORATION AND EXPLOITATION OF THE RESOURCES OF THE
AREA.

2. ACTIVITIES IN THE AREA SHALL BE UNDERTAKEN WITH A VIEW TO
PROTECTING DEVELOPING COUNTRIES FROM ADVERSE EFFECTS ON THEIR
EXPORT EARNINGS OR ECONOMIES RESULTING FROM A REDUCTION IN
THE PRICE OF AN AFFECTED MINERAL OR IN THE VOLUME OF THAT
MINERAL EXPORTED, TO THE EXTENT THAT SUCH REDUCTION WOULD
BE CAUSED BY ACTIVITIES IN THE AREA, BY

(A) FACILITATING, THROUGH EXISTING FORUMS OR SUCH NEW ARRANGE-
MENTS OR AGREEMENTS AS MAY BE APPROPRIATE AND IN WHICH
THE INTERESTED PARTIES PARTICIPATE, MEASURES NECESSARY
TO ACHIEVE THE GROWTH, EFFICIENCY AND STABILITY OF MARKETS
FOR THOSE CLASSES OF COMMODITIES PRODUCED FROM THE AREA,
AT PRICES REMUNERATIVE TO PRODUCERS AND FAIR TO CONSUMERS.
ALL PARTIES SHALL CO-OPERATE TO THIS END. THE AUTHORITY
SHALL HAVE THE RIGHT TO PARTICIPATE IN ANY COMMODITY CON-
FERENCE DEALING WITH THE CATEGORIES OF MINERALS PRODUCED
IN THE AREA. THE AUTHORITY SHALL HAVE THE RIGHT TO BECOME A
PARTY TO ANY SUCH ARRANGEMENT OR AGREEMENT RESULTING FROM SUCH
CONFERENCES. THE PARTICIPATION BY THE AUTHORITY IN ANY ORGANS
ESTABLISHED UNDER THE ARRANGEMENTS OR AGREEMENTS REFERRED
TO ABOVE SHALL BE IN RESPECT OF PRODUCTION IN THE AREA.

(B) THE AUTHORITY LIMITING IN AN INTERIM PERIOD SPECIFIED
BELOW, TOTAL PRODUCTION OF MINERALS FROM NODULES IN THE AREA
SO AS NOT TO EXCEED FOR THE FIRST SEVEN YEARS OF THAT PERIOD
THE PROJECTED CUMULATIVE GROWTH SEGMENT OF THE NICKEL
MARKET. AFTER THE FIRST SEVEN YEARS OF THE INTERIM PERIOD
TOTAL PRODUCTION OF MINERALS FOR NODULES IN THE AREA SHALL
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ON A YEARLY BASIS NOT EXCEED TWO THIRDS OF THE CUMULATIVE
GROWTH SEGMENT OF THE NICKEL MARKET, AS PROJECTED FROM
THE BEGINNING OF THE INTERIM PERIOD, PROVIDED HOWEVER THAT
THIS SHALL NOT AFFECT SUCH PRODUCTION UNDER CONTRACTS ALREADY

AWARDED, AS IS PERMITTED UNDER THE PRODUCTION LIMIT REFERRED TO ABOVE FOR THE FIRST SEVEN YEARS OF THE INTERIM PERIOD. THE CUMULATIVE GROWTH SEGMENT FOR THE PURPOSE OF THIS PART OF THE CONVENTION SHALL BE COMPUTED IN ACCORDANCE WITH LITRA (D) BELOW. THE INTERIM PERIOD REFERRED TO ABOVE SHALL BEGIN ON 1 JANUARY 1980 AND SHALL TERMINATE ON THE DAY WHEN SUCH NEW ARRANGEMENTS OR AGREEMENTS AS REFERRED TO IN LITRA (A) ABOVE, IN WHICH ALL AFFECTED PARTIES PARTICIPATE, ENTER INTO FORCE.

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(C) THE AUTHORITY CARRYING OUT THE DECISIONS TAKEN BY SUCH ORGANS AS REFERRED TO IN LITRA (A) ABOVE, AND APPLYING THE INTERIM PRODUCTION LIMIT PROVIDED FOR IN LITRA (B) ABOVE, IN A MANNER WHICH ASSURES A UNIFORM AND NON-DISCRIMINATORY IMPLEMENTATION IN RESPECT OF ALL PRODUCTION IN THE AREA OF THE MINERALS CONCERNED. IN DOING SO, THE AUTHORITY SHALL ACT IN A MANNER CONSISTENT WITH THE TERMS OF EXISTING CONTRACTS AND APPROVED PLANS OF WORK OF THE ENTERPRISE.

(D) THE RATE OF INCREASE IN WORLD NICKEL DEMAND PROJECTED FOR THE INTERIM PERIOD REFERRED TO IN LITRA (B) ABOVE SHALL FOR THE FIRST FIVE YEARS OF THE INTERIM PERIOD BE THE AVERAGE ANNUAL RATE OF INCREASE IN WORLD DEMAND DURING THE

20-YEAR PERIOD PRIOR TO THE ENTRY INTO FORCE OF THIS PART
OF THE CONVENTION. THEREAFTER THIS RATE OF INCREASE SHALL
BE ADJUSTED ON A FIVE YEARLY BASIS, SO THAT IT WILL
ALWAYS BE THE AVERAGE RATE OF INCREASE DURING THE 20 YEARS
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PRECEDING ANY SUCH FIVE YEAR PERIOD. THE CUMULATIVE GROWTH
SEGMENT OF THE WORLD NICKEL MARKET REFERRED TO IN LITRA (B)
ABOVE SHALL BE COMPUTED ON THE BASIS OF THIS ANNUAL RATE
OF INCREASE FROM A BASE AMOUNT, WHICH FOR THE FIRST FIVE
YEARS OF THE INTERIM PERIOD SHALL BE THE AVERAGE ANNUAL
WORLD DEMAND DURING THE THREE-YEAR PERIOD IMMEDIATELY
PRECEDING THE YEAR IN WHICH THE INTERIM PERIOD COMMENCES.
THEREAFTER SUCH BASE AMOUNT SHALL BE ADJUSTED ON A FIVE YEARLY
BASIS SO THAT IT WILL ALWAYS BE THE AVERAGE
ANNUAL WORLD DEMAND DURING THE THREE YEARS PRECEDING
ANY SUCH FIVE YEAR PERIOD.

3. FOLLOWING RECOMMENDATIONS FROM THE COUNCIL ON THE
BASIS OF ADVICE FROM THE ECONOMIC PLANNING COMMISSION,
THE ASSEMBLY SHALL ESTABLISH A SYSTEM OF COMPENSATION FOR
DEVELOPING COUNTRIES WHO SUFFER SIGNIFICANT ADVERSE EFFECTS
ON THEIR EXPORT EARNINGS OR ECONOMIES RESULTING FROM A
REDUCTION IN THE PRICE OF AN AFFECTED MINERAL OR THE
VOLUME OF THAT MINERAL EXPORTED, TO THE EXTENT THAT SUCH
REDUCTION IS CAUSED BY ACTIVITIES IN THE AREA.

TRANSFER OF TECHNOLOGY

AMENDMENT TO ARTICLE 11

1. THE AUTHORITY AND STATES PARTIES SHALL CO-OPERATE IN
PROMOTING THE TRANSFER OF TECHNOLOGY AND SCIENTIFIC KNOWLEDGE
RELATING TO ACTIVITIES IN THE AREA SO THAT THE ENTERPRISE
AND ALL STATES BENEFIT THEREFROM. IN PARTICULAR THEY SHALL
PROMOTE:

(A) PROGRAMMES FOR THE PROMOTION OF TRANSFER OF TECHNOLOGY
TO THE ENTERPRISE AND TO DEVELOPING COUNTRIES WITH REGARD
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TO ACTIVITIES IN THE AREA, INCLUDING, INTER ALIA, FACILITATING
THE ACCESS OF THE ENTERPRISE AND OF DEVELOPING COUNTRIES
TO THE RELEVANT TECHNOLOGY, UNDER JUST AND REASONABLE CONDITIONS;

(B) MEASURES DIRECTED TOWARDS THE ADVANCEMENT OF THE TECHNOLOGY

OF THE ENTERPRISE AND THE DOMESTIC TECHNOLOGY OF DEVELOPING COUNTRIES, PARTICULARLY THROUGH THE OPENING OF OPPORTUNITIES TO PERSONNEL FROM THE ENTERPRISE AND FROM DEVELOPING COUNTRIES FOR TRAINING IN MARINE SCIENCE AND TECHNOLOGY AND THE FULL PARTICIPATION IN ACTIVITIES IN THE AREA.

SUGGESTED COMPROMISE FORMULA

ARTICLE 22

1. ACTIVITIES IN THE AREA SHALL BE CONDUCTED, ORGANIZED AND CONTROLLED BY THE AUTHORITY IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE AS WELL AS OTHER RELEVANT PROVISIONS OF THIS PART OF THE CONVENTION AND ITS ANNEXES, AND THE RULES, REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28 (2) (XII).

2. ACTIVITIES IN THE AREA SHALL BE CONDUCTED ON THE AUTHORITY'S BEHALF

(I) DIRECTLY BY THE ENTERPRISE, AND,

(II) IN ASSOCIATION WITH THE AUTHORITY IN THE MANNER PRESCRIBED IN PARAGRAPH 3 BELOW, BY STATES PARTIES OR STATE ENTITIES, OR PERSONS NATURAL OR JURIDICAL WHICH POSSESS THE NATIONALITY OF STATES PARTIES OR ARE EFFECTIVELY CONTROLLED BY THEM OR THEIR NATIONALS, WHEN SPONSORED BY SUCH STATES, OR ANY GROUP OF THE FOREGOING.

3. ACTIVITIES IN THE AREA SHALL BE CONDUCTED IN ACCORDANCE WITH A FORMAL WRITTEN PLAN OF WORK DRAWN IN ACCORDANCE WITH ANNEX I AND APPROVED BY THE COUNCIL AFTER REVIEW BY THE TECHNICAL COMMISSION. IN THE CASE OF ACTIVITIES IN LIMITED OFFICIAL USE

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THE AREA CONDUCTED IN ASSOCIATION WITH THE AUTHORITY BY THE ENTITIES SPECIFIED IN PARAGRAPH 2 (II) SUCH A PLAN OF WORK SHALL IN ACCORDANCE WITH ANNEX I, PARAGRAPH 5 BE IN THE FORM OF A CONTRACT OF EXPLORATION AND EXPLOITATION. SUCH CONTRACTS MAY PROVIDE FOR JOINT ARRANGEMENTS IN ACCORDANCE WITH ANNEX I, PARAGRAPH 8 BIS (I) AND (J) (III).

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4. THE AUTHORITY SHALL EXERCISE SUCH CONTROL OVER ACTIVITIES
IN THE AREA AS IS NECESSARY FOR THE PURPOSE OF SECURING
COMPLIANCE WITH THE RELEVANT PROVISIONS OF THIS PART OF
THE CONVENTION, INCLUDING ITS ANNEXES, AND THE RULES,
REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED UNDER
ARTICLE 28 (2) (XII) AND THE PLANS OF WORK APPROVED IN
ACCORDANCE WITH PARAGRAPH 3. STATES PARTIES SHALL ASSIST
THE AUTHORITY BY TAKING ALL MEASURES NECESSARY TO ENSURE
SUCH COMPLIANCE.

SUGGESTED COMPROMISE FORMULA

ARTICLE 23

1. THE AUTHORITY SHALL NOT DISCRIMINATE IN THE EXERCISE OF
ITS POWERS AND FUNCTIONS, INCLUDING THE GRANTING OF OPPOR-
TUNITIES FOR ACTIVITIES IN THE AREA.

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2. ALL RIGHTS GRANTED SHALL BE FULLY SAFEGUARDED IN ACCORDANCE
WITH THE PROVISIONS OF THIS PART OF THE CONVENTION.

3. SPECIAL CONSIDERATION FOR DEVELOPING COUNTRIES, INCLUDING

SPECIAL CONSIDERATION FOR THE LAND-LOCKED AND GEOGRAPHICALLY DISADVANTAGED AMONG THEM, SPECIFICALLY PROVIDED FOR IN THIS PART OF THE CONVENTION, SHALL NOT BE DEEMED TO BE DISCRIMINATION.

SUGGESTED COMPROMISE FORMULA

FINANCING OF THE ENTERPRISE

ARTICLE 41

1. -
2. -
3. -
4. THE ENTERPRISE SHALL IN ACCORDANCE WITH ARTICLE 49, PARAGRAPH 3 AND ANNEX II, PARAGRAPH 6 (A), BE PROVIDED WITH SUCH FUNDS AS IT MAY REQUIRE TO CARRY OUT ITS FUNCTIONS.

ARTICLE 49

1. -
2. -
3. IN ESTABLISHING THE CRITERIA, RULES, REGULATIONS AND PROCEDURES REFERRED TO IN PARAGRAPH 2 OF THIS ARTICLE THE ASSEMBLY SHALL TAKE INTO ACCOUNT THE NEED TO EARMARK FOR THE ENTERPRISE A PART OF THE FUNDS RECEIVED BY THE AUTHORITY FROM CONTRACTORS IN ACCORDANCE WITH ANNEX I, PARAGRAPH 9 (D), IN ORDER TO ENABLE THE ENTERPRISE LIMITED OFFICIAL USE

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TO EXPLORE AND EXPLOIT DIRECTLY THE RESOURCES OF AREAS RESERVED FOR IT IN ACCORDANCE WITH ANNEX I, PARAGRAPH 8 BIS J (II) AS WELL AS OTHER PARTS OF THE AREA.

REVIEW OF THE SYSTEM

SUGGESTED COMPROMISE FORMULA

ARTICLE 64

EVERY FIVE YEARS FROM THE ENTRY INTO FORCE OF THE CONVENTION, THE ASSEMBLY SHALL UNDERTAKE A GENERAL AND SYSTEMATIC REVIEW OF THE MANNER IN WHICH THE INTERNATIONAL REGIME OF THE AREA ESTABLISHED IN THE CONVENTION HAS OPERATED IN PRACTICE. IN THE LIGHT OF THE SAID REVIEW THE ASSEMBLY MAY ADOPT, OR RECOMMEND OTHER ORGANS TO ADOPT, MEASURES IN ACCORDANCE WITH THE PROVISIONS AND PROCEDURES OF THIS PART OF THE CONVENTION AND ITS ANNEXES WHICH WILL LEAD TO THE IMPROVEMENT OF THE OPERATION OF THE REGIME.

ARTICLE 65

1. TWENTY YEARS FROM THE ENTRY INTO FORCE OF THE CONVENTION, THE ASSEMBLY SHALL CONVENE A CONFERENCE FOR THE REVIEW OF THOSE PROVISIONS OF PART I OF THE CONVENTION AND THE ANNEXES THERETO WHICH GOVERN THE SYSTEM OF EXPLORATION AND EXPLOITATION OF THE RESOURCES OF THE AREA. THE CONFERENCE SHALL CONSIDER IN DETAIL, IN THE LIGHT OF THE EXPERIENCE ACQUIRED DURING THAT PERIOD, WHETHER THE PROVISIONS OF THIS PART OF THE CONVENTION GOVERNING THE SYSTEM OF EXPLORATION AND EXPLOITATION OF THE RESOURCES OF THE AREA HAVE ACHIEVED THEIR AIMS IN ALL RESPECT, IN PARTICULAR WHETHER THEY HAVE CONTRIBUTED TO A JUST DISTRIBUTION OF THE RESOURCES OF THE AREA, WHETHER THEY HAVE NOT RESULTED IN AN EXCESSIVE CONCENTRATION OF THESE RESOURCES IN THE HANDS OF A SMALL NUMBER OF STATES, WHETHER THE ECONOMIC PRINCIPLES SET FORTH LIMITED OFFICIAL USE

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IN ARTICLE 9 HAVE BEEN COMPLIED WITH AND WHETHER THE REGIME HAS BENEFITED THE DEVELOPING COUNTRIES.

2. IN PARTICULAR, THE CONFERENCE SHALL CONSIDER WHETHER, DURING THE 20-YEAR PERIOD, AN ECONOMIC BALANCE HAS BEEN MAINTAINED BETWEEN THE AREAS RESERVED FOR THE AUTHORITY AND DEVELOPING COUNTRIES, AND THE CONTRACT AREAS EXPLOITED BY STATES, STATE ENTITIES, NATURAL OR JURIDICAL PERSONS, OR ANY ASSOCIATION THEREOF.

3. IF THE CONFERENCE DECIDES TO AMEND THE PROVISIONS OF THIS PART OF THE CONVENTION GOVERNING THE SYSTEM OF EXPLORATION AND EXPLOITATION OF THE RESOURCES OF THE AREA, IT SHALL IN ANY EVENT ENSURE THAT THE PRINCIPLES OF THE COMMON HERITAGE OF MANKIND, THE INTERNATIONAL REGIME DESIGNED TO ENSURE ITS EQUITABLE EXPLOITATION FOR THE BENEFIT OF ALL COUNTRIES, ESPECIALLY THE DEVELOPING COUNTRIES, AND AN AUTHORITY TO CONDUCT, ORGANIZE AND CONTROL ACTIVITIES IN THE AREA ARE MAINTAINED. IT SHALL ALSO ENSURE THE MAINTENANCE OF THE PRINCIPLES LAID DOWN IN PART I OF THE CONVENTION WITH REGARD TO THE EXCLUSION OF CLAIMS OR EXERCISE OF SOVEREIGNTY OVER ANY PART OF THE AREA, THE GENERAL CONDUCT OF STATES IN RELATION TO THE AREA, THE PREVENTION OF MONOPOLIZATION OF ACTIVITIES IN THE AREA, THE USE OF THE AREA EXCLUSIVELY FOR PEACEFUL PURPOSES, ECONOMIC ASPECTS OF ACTIVITIES IN THE AREA, SCIENTIFIC RESEARCH, TRANSFER OF TECHNOLOGY, PROTECTION OF THE MARINE ENVIRONMENT AND OF HUMAN LIFE, RIGHTS OF COASTAL STATES, THE LEGAL STATUS OF THE SUPERJACENT WATERS AND AIR SPACE AND ACCOMMODATION AS BETWEEN THE VARIOUS FORMS OF ACTIVITIES IN THE AREA AND IN THE MARINE ENVIRONMENT.

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4. THE CONFERENCE SHALL DETERMINE THE SYSTEM OF VOTING,
AND ENTRY INTO FORCE PROCEDURES, PROVIDED THAT THE MAJORITIES
REQUIRED UNDER ITS VOTING SYSTEM SHALL BE THE SAME AS THE
MAJORITIES REQUIRED FOR DECISIONS BY VOTING OF THE THIRD
UNITED NATIONS CONFERENCE ON THE LAW OF THE SEA, UNDER
RULE 39 OF THE RULES OF PROCEDURE FOR THAT CONFERENCE.
THE CONFERENCE SHALL MAKE EVERY EFFORT TO REACH AGREEMENT
ON SUBSTANTIVE MATTERS BY WAY OF CONSENSUS AND THERE SHALL
BE NO VOTING ON SUCH MATTERS UNTIL ALL EFFORTS AT CONSENSUS
HAVE BEEN EXHAUSTED.

5. AMENDMENTS ADOPTED BY THE CONFERENCE UNDER THE PROVISIONS
OF THIS ARTICLE SHALL NOT AFFECT RIGHTS ACQUIRED UNDER
EXISTING CONTRACTS. IN ADOPTING RULES, REGULATIONS AND
PROCEDURES ON DURATION OF ACTIVITIES UNDER PARAGRAPH 12
(B) (2) OF ANNEX I TO THIS PART OF THE CONVENTION,
THE AUTHORITY SHALL HOWEVER TAKE INTO ACCOUNT THE POSSIBILITY

OF THE CONVENTION BEING AMENDED, PROVIDED THAT IN ALL CASES
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A REASONABLE TIME FOR RETURN ON CAPITAL SHALL BE GIVEN.

SUGGESTED COMPROMISE FORMULA

ANNEX I

PARAGRAPH 8 (NEW)

ACTIVITIES CONDUCTED THROUGH THE ENTERPRISE

ACTIVITIES IN THE AREA CONDUCTED UNDER ARTICLE 22.2 (I)
THROUGH THE ENTERPRISE SHALL BE GOVERNED BY THE PROVISIONS
OF THIS PART OF THE CONVENTION INCLUDING THE RESOURCE
POLICY SET FORTH IN ARTICLE 9 AND THE RELEVANT DECISIONS
OF THE AUTHORITY IN IMPLEMENTATION THEREOF, AS WELL AS THE
STATUTES OF THE ENTERPRISE AND THE PROVISIONS OF THIS
ANNEX AS PROVIDED BY PARAGRAPH 19, /X/ AND BY THE RULES,
REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED
UNDER ARTICLE 28 (2) (XII).

/X/ PARAGRAPH 19 OF THE RSNT MIGHT BE AMENDED SO THAT IT
WOULD ENUMERATE THOSE PARAGRAPHS OF THE ANNEX WHICH WOULD
NOT APPLY TO THE ENTERPRISE.

PARAGRAPH 8 (BIS)

(SELECTION OF APPLICANTS)

SUGGESTED COMPROMISE FORMULA

(A) ON THE FIRST DAY OF THE SIXTH MONTH AFTER THE ENTRY
INTO FORCE OF THIS PART OF THE CONVENTION, AND THEREAFTER
EACH FOURTH MONTH ON THE FIRST DAY OF THAT MONTH,
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THE AUTHORITY SHALL TAKE UP FOR CONSIDERATION APPLICATIONS
RECEIVED FOR CONTRACTS WITH RESPECT TO ACTIVITIES OF
EXPLORATION AND EXPLOITATION.

(B) WHEN CONSIDERING AN APPLICATION FOR A CONTRACT WITH
RESPECT TO EXPLORATION AND EXPLOITATION THE AUTHORITY SHALL
FIRST ASCERTAIN WHETHER

(I) THE APPLICANT HAS COMPLIED WITH THE PROCEDURES ESTABLISHED
FOR APPLICATIONS IN ACCORDANCE WITH PARAGRAPH 7 AND HAS

GIVEN THE AUTHORITY THE COMMITMENTS AND ASSURANCES REQUIRED BY THAT PARAGRAPH. IN CASES OF NON-COMPLIANCE WITH THESE PROCEDURES OR OF ABSENCE OF ANY OF THE COMMITMENTS AND ASSURANCES REFERRED TO, THE APPLICANT SHALL BE GIVEN 20 DAYS TO REMEDY SUCH DEFECTS;

(II) THE APPLICANT POSSESSES THE REQUISITE QUALIFICATIONS PURSUANT TO PARAGRAPH 7.

(C) ONCE IT IS ESTABLISHED THAT THE CONDITIONS REFERRED TO IN SUBPARAGRAPH (B) ABOVE ARE MET, THE AUTHORITY SHALL DETERMINE WHETHER MORE THAN ONE APPLICATION HAS BEEN RECEIVED WITHIN THE PRECEDING TIME PERIOD AS PROVIDED IN SUBPARAGRAPH (A) ABOVE IN RESPECT OF SUBSTANTIALLY THE SAME AREA AND CATEGORY OF MINERALS AND WHETHER THE GRANTING OF A CONTRACT WOULD BE IN CONFORMITY WITH THE PROVISIONS OF ARTICLE 9 (2) AND THE RELEVANT DECISIONS OF THE AUTHORITY IN IMPLEMENTATION THEREOF. IF NO COMPETING APPLICATION HAS BEEN RECEIVED, AND IF THE GRANTING OF A CONTRACT WOULD BE IN CONFORMITY WITH ARTICLE 9 (2), AS SET FORTH ABOVE, THE AUTHORITY SHALL WITHOUT DELAY ENTER INTO NEGOTIATIONS WITH THE APPLICANT WITH A VIEW TO CONCLUDING A CONTRACT.

(D) THE NEGOTIATIONS REFERRED TO IN SUBPARAGRAPH (C) ABOVE SHALL, WITHIN THE FRAMEWORK OF THE PROVISIONS OF THIS PART OF THE CONVENTION AND THE RULES, REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28 (2)

(XII), DEAL WITH:

(I) OPERATIONAL REQUIREMENTS UNDER REGULATIONS ADOPTED PURSUANT TO PARAGRAPH 12 OF THIS ANNEX SUCH AS DURATION OF ACTIVITIES, SIZE OF AREA, PERFORMANCE REQUIREMENTS AND LIMITED OFFICIAL USE

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PROTECTION OF THE MARINE ENVIRONMENT;

(II) THE FINANCIAL CONTRIBUTION TO BE MADE BY THE APPLICANT UNDER THE FINANCIAL ARRANGEMENTS ESTABLISHED IN PARAGRAPH 9

(D) OF THIS ANNEX, AND PARTICIPATION IN THE PROJECT BY DEVELOPING COUNTRIES, ON THE BASIS OF THE INCENTIVES FOR SUCH PARTICIPATION ESTABLISHED IN PARAGRAPH 9 (D);

(III) TRANSFER OF TECHNOLOGY UNDER PROGRAMMES AND MEASURES PURSUANT TO ARTICLE 11.

(E) IN THE COURSE OF THE NEGOTIATIONS REFERRED TO IN SUBPARAGRAPH (D) ABOVE, AND PRIOR TO THE CONCLUSION OF A CONTRACT, THE AUTHORITY SHALL ENSURE THAT SUCH CONTRACT WOULD BE IN FULL CONFORMITY WITH THE PROVISIONS OF THIS PART OF THE CONVENTION AND THE RULES, REGULATIONS AND PROCEDURES OF THE AUTHORITY ADOPTED UNDER ARTICLE 28 (2)

(XII), IN PARTICULAR THE PROVISIONS, RULES, REGULATIONS AND PROCEDURES ON THE ISSUES ENUMERATED IN SUBPARAGRAPH (D) ABOVE, AND THE PROVISIONS OF ARTICLE 9 (2) AND THE RELEVANT DECISIONS OF THE AUTHORITY IN IMPLEMENTATION THEREOF.

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(F) THE NEGOTIATIONS REFERRED TO IN SUBPARAGRAPH (D) ABOVE
SHALL BE CONDUCTED AS EXPEDITIOUSLY AS POSSIBLE. AS SOON AS THE
ISSUES UNDER NEGOTIATION IN ACCORDANCE WITH SUBPARAGRAPH (D) ABOVE HAVE

BEEN SETTLED, THE AUTHORITY SHALL CONCLUDE THE CORRESPONDING
CONTRACT WITH THE APPLICANT. IN CASES OF A REFUSAL OF CONTRACT
THE AUTHORITY SHALL STATE THE REASONS FOR SUCH REFUSAL.

(G) IF THE AUTHORITY RECEIVES WITHIN THE APPLICABLE TIME
PERIOD AS PROVIDED IN SUBPARAGRAPH (A) ABOVE MORE THAN ONE
APPLICATION IN RESPECT OF SUBSTANTIALLY THE SAME PART OF
THE AREA AND CATEGORY OF MINERALS, OR IF THE APPLICATIONS
RECEIVED WITHIN THE TIME PERIOD CANNOT ALL BE ACCOMMODATED
WITHIN THE PRODUCTION LIMITS ESTABLISHED IN ARTICLE 9 (2),
SELECTION FROM AMONG THE APPLICANTS SHALL BE MADE ON A
COMPARATIVE BASIS. IN ACCORDANCE WITH SUBPARAGRAPHS (C)
AND (D), THE AUTHORITY SHALL ENTER INTO NEGOTIATIONS WITH
THE APPLICANTS IN ORDER TO MAKE ITS SELECTION ON THE BASIS

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OF A COMPARATIVE CONSIDERATION OF THEIR APPLICATIONS AND QUALIFICATIONS. IN SO DOING THE AUTHORITY SHALL ALSO TAKE INTO ACCOUNT THE NEED TO GIVE REASONABLE PRIORITY TO APPLICANTS WHO ARE READY TO ENTER INTO SUCH JOINING ARRANGEMENTS WITH THE ENTERPRISE AS REFERRED TO IN SUBPARAGRAPHS (E) AND (J) (III) BELOW. ONCE THE SELECTION IS MADE, THE AUTHORITY SHALL ENTER INTO NEGOTIATIONS WITH THE SELECTED APPLICANT OR APPLICANTS ON THE TERMS OF A CONTRACT IN ACCORDANCE WITH SUBPARAGRAPHS (C) AND (D) ABOVE.

(H) IF THE CONTRACTOR IN ACCORDANCE WITH PARAGRAPH 5 OF THIS ANNEX HAS ENTERED INTO A CONTRACT WITH THE AUTHORITY FOR SEPARATE STAGES OF OPERATIONS, HE SHALL HAVE A PREFERENCE AND A PRIORITY AMONG APPLICANTS FOR A CONTRACT FOR SUBSEQUENT STAGES OF OPERATIONS WITH REGARD TO THE SAME AREAS AND RESOURCES; PROVIDED, HOWEVER, THAT WHERE THE CONTRACTOR'S PERFORMANCE HAS NOT BEEN SATISFACTORY SUCH PREFERENCE OR PRIORITY MAY BE WITHDRAWN.

(I) WHERE THE PARTIES SO AGREE, CONTRACTS FOR THE EXPLORATION AND EXPLOITATION OF THE RESOURCES OF THE AREA MAY PROVIDE FOR JOINT ARRANGEMENTS BETWEEN THE CONTRACTOR AND THE AUTHORITY THROUGH THE ENTERPRISE, IN THE FORM OF JOINT VENTURES, PRODUCTION SHARING OR SERVICE CONTRACTS, AS WELL AS ANY OTHER FORM OF JOINT ARRANGEMENT FOR THE EXPLORATION AND EXPLOITATION OF THE RESOURCES OF THE AREA.

(J) (I) THE PROPOSED CONTRACT AREA SHALL BE SUFFICIENTLY LARGE AND OF SUFFICIENT VALUE TO ALLOW THE AUTHORITY TO DETERMINE THAT ONE HALF OF ITS SHALL BE RESERVED SOLELY FOR THE CONDUCT OF ACTIVITIES BY THE AUTHORITY THROUGH THE ENTERPRISE OR IN ASSOCIATION WITH DEVELOPING COUNTRIES. UPON SUCH DETERMINATION BY THE AUTHORITY THE CONTRACTOR

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SHALL INDICATE THE CO-ORDINATES DIVIDING THE AREA INTO TWO HALVES OF EQUAL ESTIMATED COMMERCIAL VALUE AND THE AUTHORITY SHALL DESIGNATE THE HALF WHICH IS TO BE RESERVED. THE CONTRACTOR MAY, ALTERNATIVELY, SUBMIT TWO NON-CONTIGUOUS AREAS OF EQUAL ESTIMATED COMMERCIAL VALUE, OF WHICH THE AUTHORITY SHALL DESIGNATE ONE AS THE RESERVED AREA. THE DESIGNATION BY THE AUTHORITY OF ONE HALF OF THE AREA, OR OF ONE OF TWO NON-CONTIGUOUS AREAS, AS THE CASE MAY BE, IN ACCORDANCE WITH THE PROVISIONS OF THIS SUBPARAGRAPH,

SHALL BE MADE AS SOON AS THE AUTHORITY HAS BEEN ABLE TO EXAMINE THE RELEVANT DATA FROM PROSPECTING, EVALUATION OR EXPLORATION, AS MAY BE NECESSARY TO DECIDE THAT BOTH PARTS ARE EQUAL IN ESTIMATED COMMERCIAL VALUE.

(II) AREAS DESIGNATED BY THE AUTHORITY AS RESERVED AREAS IN ACCORDANCE WITH THIS SUBPARAGRAPH, MAY BE EXPLOITED ONLY THROUGH THE ENTERPRISE OR IN ASSOCIATION WITH DEVELOPING COUNTRIES. THE ENTERPRISE SHALL BE GIVEN AN OPPORTUNITY TO DECIDE WHETHER IT WISHES ITSELF TO CONDUCT THE ACTIVITIES IN THE DESIGNATED AREA. WHEN CONSIDERING APPLICATIONS FROM DEVELOPING COUNTRIES, OR FROM A GROUP OF APPLICANTS WHICH INCLUDE DEVELOPING COUNTRIES FOR AREAS DESIGNATED UNDER THIS SUBPARAGRAPH, AND NOT SELECTED BY THE ENTERPRISE, THE AUTHORITY SHALL, BEFORE ENTERING INTO A CONTRACT, ENSURE THAT THE DEVELOPING COUNTRIES WILL OBTAIN SUBSTANTIAL BENEFIT THEREFROM.

(III) IN CONDUCTING ACTIVITIES IN AREAS RESERVED IN ACCORDANCE WITH THIS SUBPARAGRAPH, THE ENTERPRISE MAY ENTER INTO JOINT ARRANGEMENTS OF THE KIND REFERRED TO IN SUBPARAGRAPH (I) ABOVE WITH OTHER ENTITIES REFERRED TO IN ARTICLE 22.2. IN SUCH JOINT ARRANGEMENTS PROVISION SHALL BE MADE FOR PARTICIPATION FROM DEVELOPING COUNTRIES.

(K) CONTRACTORS ENTERING INTO SUCH JOINT ARRANGEMENTS WITH ENTERPRISE AS REFERRED TO IN SUBPARAGRAPHS (I) AND (J)
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(III) ABOVE SHALL RECEIVE FINANCIAL INCENTIVES AS PROVIDED FOR IN THE FINANCIAL ARRANGEMENTS ESTABLISHED IN PARAGRAPH 9 (D) OF THIS ANNEX.

(L) (THE ISSUE OF A QUOTA OR ANTI-MONOPOLY PROVISION REMAINS TO BE DISCUSSED.)

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ANNEX II

FINANCING

6. (A) THE FUNDS OF THE ENTERPRISE SHALL COMPRISE:
(I) AMOUNTS DETERMINED FROM TIME TO TIME BY THE ASSEMBLY
OUT OF THE SPECIAL FUND REFERRED TO IN ARTICLE 49, INCLUDING
FUNDS TO COVER ITS ADMINISTRATIVE EXPENSES IN ACCORDANCE
WITH ARTICLES 26.2 (IV) AND 42.2 AND INCLUDING FUNDS EARMARKED
FOR THE ENTERPRISE IN ACCORDANCE WITH ARTICLE 49, PARA-
GRAPH 3.
(II) VOLUNTARY CONTRIBUTIONS MADE BY STATES PARTIES TO THIS
CONVENTION SPECIFICALLY FOR THE PURPOSE OF FINANCING
ACTIVITIES OF THE ENTERPRISE.
(III) AMOUNTS BORROWED BY THE ENTERPRISE IN ACCORDANCE
WITH SUBPARAGRAPH (C) BELOW.
(IV) AMOUNTS RECEIVED THROUGH THE PARTICIPATION IN CON-
TRACTUAL RELATIONSHIPS WITH OTHER ENTITIES FOR THE CONDUCT
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OF ACTIVITIES IN THE AREA, INCLUDING JOINT ARRANGEMENTS IN ACCOR-
DANCE WITH ARTICLE 22, PARAGRAPH 3.

(B) -

(C) LOANS RAISED BY THE ENTERPRISE
(I) (PRESENT 6 (C) OF RSNT)
(II) STATES PARTIES SHALL MAKE EVERY EFFORT TO SUPPORT

APPLICATIONS BY THE ENTERPRISE FOR LOANS IN CAPITAL MARKETS,
INCLUDING LOANS FROM INTERNATIONAL FINANCIAL INSTITUTIONS.
(III) TO THE EXTENT THAT THE COSTS OF EXPLORATION,
DEVELOPMENT AND EXPLOITATION OF THE ENTERPRISE'S FIRST
SITE CANNOT BE COVERED BY THE FUNDS REFERRED TO IN
SUBPARAGRAPH (A) ABOVE, STATES PARTIES SHALL GUARANTEE
DEBTS INCURRED BY THE ENTERPRISE FOR THE FINANCING OF SUCH
COSTS. UNDER SUCH GUARANTEES STATES PARTIES SHALL BE LIABLE
ON A BASIS ADOPTED BY THE ASSEMBLY WHICH IS PROPORTIONATE
TO THE UNITED NATIONS SCALE OF ASSESSMENTS. TO THE EXTENT
NECESSARY FOR THE SECURING OF SUCH LOANS AS REFERRED TO
ABOVE, STATES PARTIES UNDERTAKE TO ADVANCE AS REFUNDA-
BLE PAID-IN CAPITAL UP TO --PER CENT OF THE
LIABILITY WHICH THEY HAVE INCURRED IN ACCORDANCE WITH
THIS SUBPARAGRAPH. UNQUOTE

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